

South Dakota Risk Pool Governing Board and Advisory Panel
SDHSAA Conference Room
Thursday October 18, 2007

The meeting of the South Dakota Risk Pool Board and Advisory Panel began at 10:00 am. The meeting began with a short welcome from Kevin Forsch introducing new member Kathi Mueller with the Governors office. Mueller will be assuming Forsch's responsibilities as he begins to work within different areas within the Governors Office.

Those in attendance included Governing Board members Chairman Kevin Forsch, Vice Chair Tom Martinec, Larry Iversen, Randy Moses, Dave Hewett and Dennis Studer. Advisory Board Members in attendance were Dr. Mary Carpenter, Bob Clark, Senator Jason Gant, Dr. Tom Krafka, Lonnie McKittrick, Damian Prunty, Mike Shaw, Barb Smith, Cheryl Stone and Rick Stracqualursi. Others in attendance were Melissa Kusser, Sandy Zinter, Jill Kruger, Kathi Mueller, and Mary Keeler.

The first item on the agenda was the approval of the minutes from the July 12, 2007 board meeting. Chairman Forsch asked for a motion to approve the Governing Board Minutes. Hewett made a motion to approve and a second was given by Moses. The motion passed unanimously.

Mary Keeler gave an overview of the Risk Pool Financials. While presenting the Financial Condition Statement she advised the group that the carrier assessments reflected a higher number than normal. This was due to the changing of billings from a quarterly system to yearly. The condition statement reflects collections of 16 months of assessments. Questions arose on what the minimum financial reserves was for carriers on the private side. Moses indicated that he would follow-up with the Division of Insurance Chief Financial Officer. The next report discussed was from Oliver Wyman discussing the Incurred but Not yet Reported Claims.

Questions arose regarding federal funds for the upcoming fiscal year. It was noted that at this time no money is available. The group also raised the idea of raising premiums from 150% of the average market rate of the three largest individual carriers. The group was concerned that federal grants would not be available if they choose to raise premiums above this threshold.

Mary Keeler also gave a brief overview of the spending authority of the pool. The pool will need to put additional spending authority into the budget in order to operate on a day to day basis. No additional funds are necessary, the dollars are in place, and the spending authority increase ensures that the available funds can be used appropriately.

At the conclusion of the financial reports overview Hewett made a motion to accept the financial reports and Moses made a second to the motion. The motion passed unanimously.

Kruger spoke in regards to the Rx Pharmacy report and advised the group a trend chart was in the developmental stages in hopes to be available to the group at the next meeting. She advised the group that this would be the last time they viewed the report in this format. The group advised the Bureau of Personnel staff that they would like to see what

plan design members are utilizing along with trending pharmacy claims for those individuals. Specifically are members using the \$10,000 deductible plan and utilizing high pharmacy claims. Members of the advisory panel raised questions on what the high pharmacy claims was due to? Was it due to the nature of the pool? Was it due to rich plan design? A chart was requested that would model high cost claims in the pool. Other questions arose on how we are paying dispensing fees relative to the private side. A suggestion to the group on why drug costs may be so high was due to the nature of the individuals in the Risk Pool. Members of the pool are utilizing high cost drugs, if people do not take these maintenance drugs, then that would lead to cost shifting to possibly emergency room visits. The group also asked for a clarification in how prescription counts are being reported. At the conclusion of the reports Hewett made a motion to accept the reports and Martinec made a second. The motion passed unanimously.

Kruger and Kusser gave an overview of the NASCHIP Conference that was held in Chicago, September 12 through September 14, 2007. NASCHIP is the National Association of State Comprehensive Health Insurance Plans. The main theme at the NASCHIP Conference was Health Care Reform and what the future of High Risk Pools was. Of the 34 pools throughout the nation South Dakota is currently the only true HIPAA eligible only pool in the United States; all other pools allow medically uninsurables to enroll. Members may access information about the NASCHIP organization at www.naschip.org. Moses made a motion to order the NASCHIP Twenty-First Edition for interested members and second was made by Hewett. The motion passed unanimously.

After lunch Kruger gave an update on SB 200. As of October 17, 2007 there were 50 approved applications and 3 pending. The deadline for potential enrollees to apply is November 9, 2007.

Currently the analysis on closed block individuals has been done on a yearly basis. A survey is sent to the carriers in April allowing the Division of Insurance the ability to complete the analysis by July 1 of each year. SB 200 enrollees are currently and will continue to be tracked through the system. The group was advised that the actuaries figured the cost of potential enrollees for the lifetime of the pool. Again members commented that they would like to see a report that indicated the average length of stay of members on the pool.

Next item on the agenda was the Annual Report to the legislature. SDCL 58-17-119 requires the board file a report with the Legislature each year on or before January first, which shall include information regarding the operation of the risk pool, such as assessments, numbers of enrollees, claims, expenses, and premiums.

In a review of the preliminary draft of the annual report the following questions arose. How are contributions and Health Care Medical Technology (HCMT) cost savings figured? Is this figured on a consistent basis? Members were asked to provide additional comments to Melissa Kusser no later than October 26, 2007. After comments have been compiled a second draft will go out to members for additional review.

During discussion of the annual report the group advised that they would like HCMT to present information regarding how cost savings are figured. The risk pool administrators advised that they would speak with HCMT about the questions at hand.

Chairman Forsch then gave an overview of the Zaniya project and final report. Members of the Zaniya task force present included, Barb Smith, Mike Shaw, Randy Moses, Sandy Zinter, Dennis Studer, Dave Hewett, and Bob Clark. Members gave an overview of the final Zaniya Task Force report. You may view all materials from the task force at <http://zaniya.sd.gov/>

Chairman Forsch began a discussion on the potential trend of declining revenues to the Risk Pool. Chairman Forsch asked Governing board members Studer and Martinec to lead a subgroup to look at the situation at hand. Possible discussion items or study items addressed by the group included the following:

- Expenses, contractual, etc.
- Federal Funds
- Revenues
- Medical Management
- High Cost Claimants
- Trends in Plan Designs
- Pharmacy Costs

Additional suggestions or ideas are to be sent to Jill Kruger at jill.kruger@state.sd.us.

There were no additional agenda items. Future Meeting dates and times will be discussed at a later time following legislative session. At approximately 2:00 pm Hewett made a motion to adjourn and a second was given by Studer.